

OLIN CONSOLIDATED SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2013

OLIN CONSOLIDATED SCHOOL DISTRICT

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OLIN CONSOLIDATED SCHOOL DISTRICT

Officials

June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kevin Hirl	Board President	2015
Tina Meyer	Board Member	2013
Rosanne Brown	Board Member	2013
Terry Hamilton	Board Member	2015
Renae Hansen	Board Member	2015
School Officials		
Sharon Dickman	Superintendent	2013
Carrie Fortin	District Secretary/Treasurer and Business Manager	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite

Kay L. Chapman, CPA PC

119 W. Mississippi Drive, Suite 3

Muscatine, Iowa 52761

563-264-1385

kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education
Olin Consolidated School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District, Olin, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Olin Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 5, 2014 on my consideration of Olin Consolidated School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Olin Consolidated School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 5, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Olin Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,909,671 in fiscal 2012 to \$2,711,989 in fiscal 2013, and General Fund expenditures decreased from \$2,827,502 in fiscal 2012 to \$2,565,107 in fiscal 2013. The District's General Fund balance increased from \$(188,031) in fiscal 2012 to \$(41,149) in fiscal 2013, a 78% increase.
- The decrease in General Fund revenues was attributable to the following: A decrease in enrollment of 17 students. The decrease in expenditures was attributed to the following: 1st Year of a Whole Grade Sharing agreement for 7-12 grade with the Anamosa School District which attributed to reduction in staff.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Olin Consolidated School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Olin Consolidated School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Olin Consolidated School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

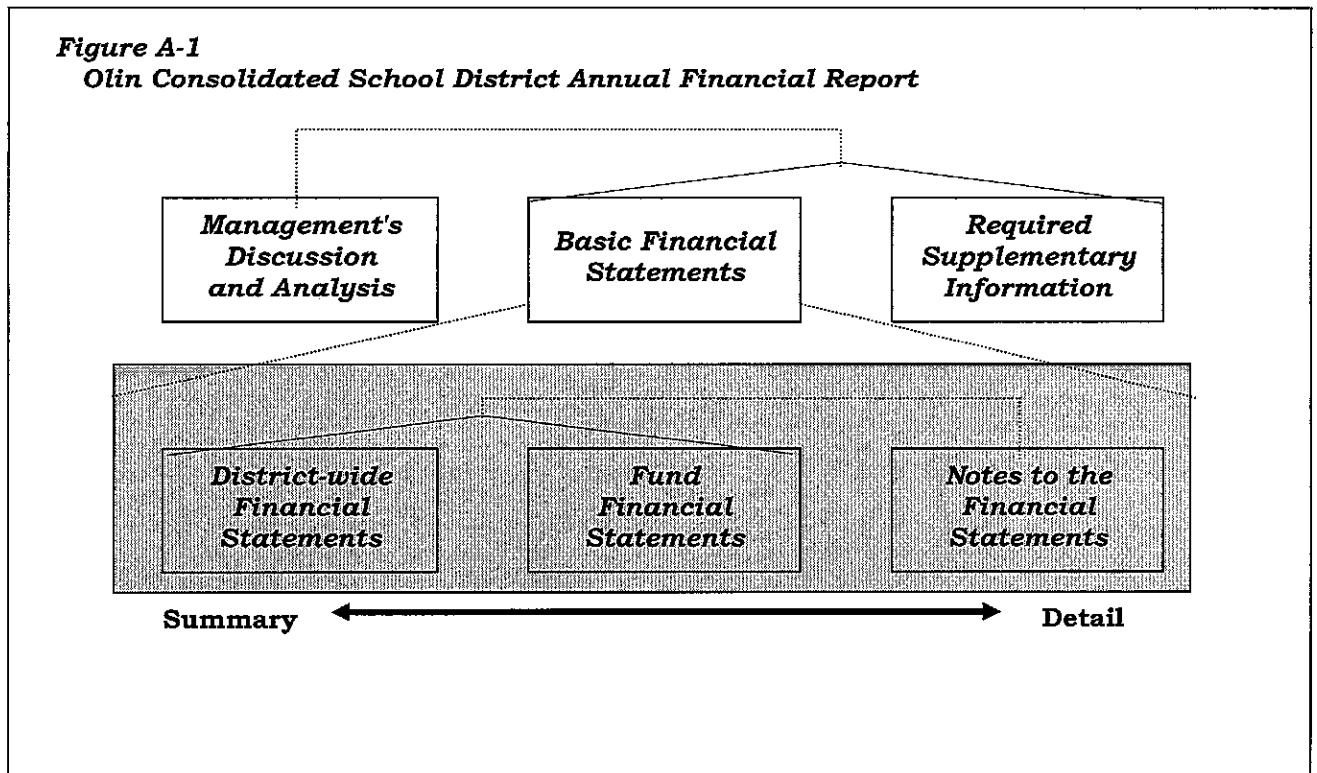


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary fund:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business type activity, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-purpose Trust Fund.

- Private-purpose Trust Fund - The District accounts for outside donations for scholarships for individuals in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3

Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$ 2,469,600	\$ 2,141,911	\$ 4,626	\$ 6,715	\$ 2,474,226	\$ 2,148,626	15.15%
Capital assets	<u>1,600,505</u>	<u>1,675,672</u>	<u>20,826</u>	<u>21,614</u>	<u>1,621,331</u>	<u>1,697,286</u>	-4.48%
Total assets	<u>4,070,105</u>	<u>3,817,583</u>	<u>25,452</u>	<u>28,329</u>	<u>4,095,557</u>	<u>3,845,912</u>	6.49%
Long-term liabilities	48,748	45,511	-	-	48,748	45,511	7.11%
Other liabilities	<u>1,682,382</u>	<u>1,623,480</u>	<u>14,050</u>	<u>5,897</u>	<u>1,696,432</u>	<u>1,629,377</u>	4.12%
Total liabilities	<u>1,731,130</u>	<u>1,668,991</u>	<u>14,050</u>	<u>5,897</u>	<u>1,745,180</u>	<u>1,674,888</u>	4.20%
Net Position							
Net investment in							
capital assets	1,600,505	1,675,672	20,826	21,614	1,621,331	1,697,286	-4.48%
Restricted	865,359	687,749	-	-	865,359	687,749	25.82%
Unrestricted	<u>(126,889)</u>	<u>(214,829)</u>	<u>(9,424)</u>	<u>818</u>	<u>(136,313)</u>	<u>(214,011)</u>	36.3%
Total Net Position	<u>\$ 2,338,975</u>	<u>\$ 2,148,592</u>	<u>\$ 11,402</u>	<u>\$ 22,432</u>	<u>\$ 2,350,377</u>	<u>\$ 2,171,024</u>	8.26%

The District's combined net position increased by approximately 8%, or \$179,353, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$177,610, or approximately 26% from the prior year. The increase was primarily in the LOSST Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$77,698, or approximately 36%. This increase in unrestricted net position was a result of the District's Whole Grade Sharing and reduction in staff.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Change
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2012-2013</u>
Revenues							
Program revenues							
Charges for service	\$ 117,724	\$ 222,707	\$ 22,884	\$ 33,071	\$ 140,608	\$ 255,778	-45.03%
Operating grants, contributions & restricted interest	421,444	420,548	54,647	60,932	476,091	481,480	-1.12%
General revenues							
Property tax	1,315,124	1,365,761	-	-	1,315,124	1,365,761	-3.71%
Statewide sales, services and use tax	221,522	133,375	-	-	221,522	133,375	66.09%
Unrestricted state grants	1,040,996	1,113,096	-	-	1,040,996	1,113,096	-6.48%
Unrestricted investment earnings	192	450	-	-	192	450	-57.33%
Other	11,527	106,143	-	-	11,527	106,143	-89.14%
Special item	-	(487)	1,654	-	1,654	(487)	-439.63%
Total revenues	<u>3,128,529</u>	<u>3,361,593</u>	<u>79,185</u>	<u>94,003</u>	<u>3,207,714</u>	<u>3,455,596</u>	-7.17%
Program expenses							
Governmental activities							
Instruction	1,995,451	2,060,464	-	-	1,995,451	2,060,464	-3.16%
Support services	742,119	854,686	-	-	742,119	854,686	-13.17%
Non-instructional programs	6,081	6,151	90,215	92,532	96,296	98,683	-2.42%
Other	<u>194,495</u>	<u>372,272</u>	<u>-</u>	<u>-</u>	<u>194,495</u>	<u>372,272</u>	-47.75%
Total expenses	<u>2,938,146</u>	<u>3,293,573</u>	<u>90,215</u>	<u>92,532</u>	<u>3,028,361</u>	<u>3,386,105</u>	-10.57%
Change in net position	190,383	68,020	(11,030)	1,471	179,353	69,491	-158.10%
Net position, beginning of year	<u>2,148,592</u>	<u>2,080,572</u>	<u>22,432</u>	<u>20,961</u>	<u>2,171,024</u>	<u>2,101,533</u>	3.31%
Net position, end of year	<u>\$ 2,338,975</u>	<u>\$ 2,148,592</u>	<u>\$ 11,402</u>	<u>\$ 22,432</u>	<u>\$ 2,350,377</u>	<u>\$ 2,171,024</u>	8.26%

In fiscal 2013, property tax and unrestricted state grants account for approximately 74% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 100% of the revenue from business type activities.

The District's total revenues were \$3,207,714 of which \$3,128,529 was for governmental activities and \$79,185 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 7% decrease in revenues and an 11% decrease in expenses. From FY12 to FY13 the District had a decrease in enrollment. The District did some staff reductions due to the Whole Grade Sharing.

Governmental Activities

Revenues for governmental activities were \$3,128,529 and expenses were \$2,938,146 for the year ended June 30, 2013. The District entered into a Whole Grade Sharing Agreement which resulted in a large staff reduction.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2013 compared to June 30, 2012.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$ 1,995,451	\$ 2,060,464	-3.2%	\$ 1,546,450	\$ 1,509,465	2.5%
Support services	742,119	854,686	-13.2%	741,941	853,600	-13.1%
Non-instructional programs	6,081	6,151	-1.1%	6,081	6,151	1.1%
Other	<u>194,495</u>	<u>372,272</u>	-47.8%	<u>104,506</u>	<u>281,102</u>	-62.8%
Total	<u>\$ 2,938,146</u>	<u>\$ 3,293,573</u>	-10.8%	<u>\$ 2,398,978</u>	<u>\$ 2,650,318</u>	-9.5%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$117,724.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$421,444.
- The net cost of governmental activities was financed with \$1,536,646 in property and other taxes and \$1,040,996 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2013 were \$79,185 representing a 16% decrease from the prior year while expenses totaled \$90,215, a 3% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenue decreased due to the 7-12 grade Whole Grade Sharing agreement. The Board did raise prices by 10 cents. Expenditures remained the same due to no decrease in staff and the increased food cost due to the new federal regulations.

INDIVIDUAL FUND ANALYSIS

As previously noted, Olin Consolidated School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$685,993, well above last year's ending fund balances of \$417,994. LOSST fund balance increased, and the improvement in General Fund balance due to Whole Grade Sharing.

Governmental Fund Highlights

- The General Fund balance increased from \$(188,031) in 2012 to \$(41,149) in 2013, due to staff reductions with the Whole Grade Sharing.
- The Statewide Sales, Services and Use Tax Fund balance increased to \$537,293 in 2013 from \$370,790 in 2012 due to the debt was paid off the prior year, and now all the revenue is available for use.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$22,432 at June 30, 2012 to \$11,402 at June 30, 2013, representing a decrease of approximately 49%. For fiscal 2013, the District increased meal prices by 10 cents. The District discontinued its ala carte program. The new regulations from the federal government to include more fresh fruits and vegetables cost more.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2013, Olin Consolidated School District did not amend its annual budget.

The District's revenues were \$151,231 less than budgeted revenues, a variance of approximately 5%. The most significant variance resulted from less local and state sources than projected.

Total expenditures were \$749,860 less than budgeted, due primarily to the District's budget for all funds. It is the District's practice to budget expenditures at the maximum authorized spending authority for all funds. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$1,621,331, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 4% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$78,137.

The original cost of the District's capital assets was \$3,614,285. Governmental funds account for \$3,558,115, with the remainder of \$56,170 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment category was \$328,378 at June 30, 2012 compared to \$285,739 at June 30, 2013. The decrease was a result of selling two smaller school vehicles and a school bus, also holding an auction of Industrial Arts equipment.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2012-2013</u>
Land and improvements	\$ 61,296	\$ 61,296	\$ -	\$ -	\$ 61,296	\$ 61,296	0.00%
Buildings and improvements	1,240,392	1,272,234	-	-	1,240,392	1,272,234	-2.50%
Site improvements	33,904	35,378	-	-	33,904	35,378	-4.17%
Furniture and equipment	<u>264,913</u>	<u>306,764</u>	<u>20,826</u>	<u>21,614</u>	<u>285,739</u>	<u>328,378</u>	-12.98%
Totals	<u>\$1,600,505</u>	<u>\$1,675,672</u>	<u>\$20,826</u>	<u>\$21,614</u>	<u>\$1,621,331</u>	<u>\$1,697,286</u>	-4.48%

Long-Term Debt

At June 30, 2013, the District had \$48,748 in total long-term debt outstanding. This represents an increase of approximately 7% over last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$3.8 million.

Figure A-7

Outstanding Long-term Obligations

	Total		Total
	District		<u>Change</u>
	<u>2013</u>	<u>2012</u>	<u>2012-2013</u>
Termination benefits	\$11,849	\$ 18,139	-34.68%
Net OPEB liability	<u>36,899</u>	<u>27,372</u>	34.81%
Totals	<u>\$48,748</u>	<u>\$ 45,511</u>	7.11%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District experienced an increase in enrollment. The District's enrollment in September 2014 increased by 16.1 which will affect the 13-14 budget, and the enrollment of September 2014 also increased by 5.4 will affect the 14-15 budget.
- Wage settlements with the Olin Education Association (OEA) average 4% increase annually. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- Starting with the 2012-13 school year the school district has entered into a three year whole-grade sharing agreement for grades 7-12 to attend the Anamosa Community School. This sharing has allowed for staff reductions and cost savings.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carrie Fortin, District Secretary/Treasurer and Business Manager, Olin Consolidated School District, 212 Trilby Street, PO Box 320, Olin, IA 52320.

Basic Financial Statements

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 840,982	\$ -	\$ 840,982
Receivables			
Property tax			
Delinquent	25,915	-	25,915
Succeeding year	1,354,166	-	1,354,166
Accounts receivable	17,092	1,338	18,430
Income surtax	98,639	-	98,639
Due from other governments	123,966	-	123,966
Due from other fund	8,840	-	8,840
Inventories	-	3,288	3,288
Non-depreciable capital assets	61,296	-	61,296
Capital assets, net of accumulated depreciation	<u>1,539,209</u>	<u>20,826</u>	<u>1,560,035</u>
Total assets	<u>4,070,105</u>	<u>25,452</u>	<u>4,095,557</u>
Liabilities			
Accounts payable	184,622	372	184,994
Salaries and benefits payable	143,594	4,195	147,789
Due to other fund	-	8,840	8,840
Deferred revenue			
Succeeding year property tax	1,354,166	-	1,354,166
Other	-	643	643
Long-term liabilities			
Portion due within one year			
Termination benefits payable	11,849	-	11,849
Portion due after one year			
Net OPEB liability	<u>36,899</u>	<u>-</u>	<u>36,899</u>
Total liabilities	<u>1,731,130</u>	<u>14,050</u>	<u>1,745,180</u>
Net Position			
Net investment in capital assets	1,600,505	20,826	1,621,331
Restricted for			
Categorical funding	150,066	-	150,066
Student activities	31,195	-	31,195
Management levy purposes	47,496	-	47,496
Physical plant and equipment	85,533	-	85,533
Public education and recreation	13,776	-	13,776
School infrastructure	537,293	-	537,293
Unrestricted	<u>(126,889)</u>	<u>(9,424)</u>	<u>(136,313)</u>
Total net position	<u>\$ 2,338,975</u>	<u>\$ 11,402</u>	<u>\$2,350,377</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2013

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Governmental activities						
Instruction						
Regular instruction	\$ 1,353,453	\$ 94,825	\$ 276,542	\$ -	\$ (982,086)	\$ (982,086)
Special instruction	446,886	-	37,416	-	(409,470)	(409,470)
Other instruction	195,112	22,721	17,497	-	(154,894)	(154,894)
	1,995,451	117,546	331,455	-	(1,546,450)	(1,546,450)
Support services						
Student	51,897	-	-	-	(51,897)	(51,897)
Instructional staff	15,863	-	-	-	(15,863)	(15,863)
Administration	296,297	-	-	-	(296,297)	(296,297)
Operation and maintenance of plant	215,409	-	-	-	(215,409)	(215,409)
Transportation	162,653	178	-	-	(162,475)	(162,475)
	742,119	178	-	-	(741,941)	(741,941)
	6,081	-	-	-	(6,081)	(6,081)
Non-instructional programs						
Other expenses						
Facilities acquisition	67,208	-	-	-	(67,208)	(67,208)
AEA flowthrough	89,989	-	89,989	-	-	-
Depreciation (unallocated) *	37,298	-	-	-	(37,298)	(37,298)
	194,495	-	89,989	-	(104,506)	(104,506)
	2,938,146	117,724	421,444	-	(2,398,978)	(2,398,978)
Total governmental activities						

See notes to financial statements.

Exhibit B

* This amount excludes the depreciation included in the direct expenses of the various programs.

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OLIN CONSOLIDATED SCHOOL DISTRICT

Exhibit C

Balance Sheet

Governmental Funds

June 30, 2013

		Capital Projects		
		Statewide	Nonmajor	
		Sales, Services	Governmental	
	<u>General</u>	<u>and Use Tax</u>	<u>Funds</u>	<u>Total</u>
Assets				
Cash, cash equivalents and pooled investments	\$ 161,388	\$ 480,641	\$ 198,953	\$ 840,982
Receivables				
Property tax				
Delinquent	22,542	-	3,373	25,915
Succeeding year	1,161,972	-	192,194	1,354,166
Accounts receivable	17,092	-	-	17,092
Income surtax	98,639	-	-	98,639
Due from other governments	67,314	56,652	-	123,966
Due from other funds	8,840	-	-	8,840
Total assets	<u>\$1,537,787</u>	<u>\$ 537,293</u>	<u>\$ 394,520</u>	<u>\$2,469,600</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 179,173	\$ -	\$ 5,449	\$ 184,622
Salaries and benefits payable	136,566	-	7,028	143,594
Deferred revenue				
Succeeding year property tax	1,161,972	-	192,194	1,354,166
Income surtax	98,639	-	-	98,639
Other	2,586	-	-	2,586
Total liabilities	<u>1,578,936</u>	<u>-</u>	<u>204,671</u>	<u>1,783,607</u>
Fund balances				
Restricted for				
Categorical funding	150,066	-	-	150,066
School infrastructure	-	537,293	-	537,293
Physical plant and equipment	-	-	85,533	85,533
Student activities	-	-	31,195	31,195
Management levy purposes	-	-	59,345	59,345
Public education and recreation	-	-	13,776	13,776
Unassigned	(191,215)	-	-	(191,215)
Total fund balances	<u>(41,149)</u>	<u>537,293</u>	<u>189,849</u>	<u>685,993</u>
Total liabilities and fund balances	<u>\$1,537,787</u>	<u>\$ 537,293</u>	<u>\$ 394,520</u>	<u>\$2,469,600</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2013

Exhibit D

Total fund balances of governmental funds	\$ 685,993
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,600,505
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	101,225
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Long-term liabilities, including notes payable and termination benefits payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(48,748)</u>
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Net position of governmental activities	<u>\$2,338,975</u>
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OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

Exhibit E

		Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Revenues	General			
Local sources				
Local tax	\$ 1,222,882	\$ 221,522	\$ 167,018	\$ 1,611,422
Tuition	31,500	-	-	31,500
Other	67,760	41	27,077	94,878
State sources	1,300,965	-	92	1,301,057
Federal sources	88,882	-	-	88,882
Total revenues	<u>2,711,989</u>	<u>221,563</u>	<u>194,187</u>	<u>3,127,739</u>
Expenditures				
Current				
Instruction				
Regular	1,271,460	-	35,791	1,307,251
Special	445,331	-	-	445,331
Other	171,961	-	22,551	194,512
	<u>1,888,752</u>	<u>-</u>	<u>58,342</u>	<u>1,947,094</u>
Support services				
Student	51,595	-	-	51,595
Instructional staff	15,218	-	-	15,218
Administration	243,521	-	66,900	310,421
Operation & maintenance of plant	152,666	-	61,707	214,373
Transportation	123,366	24,146	10,294	157,806
	<u>586,366</u>	<u>24,146</u>	<u>138,901</u>	<u>749,413</u>
Non-instructional programs	-	-	6,036	6,036
Other expenditures				
Facilities acquisition	-	30,914	36,294	67,208
AEA flowthrough	89,989	-	-	89,989
	<u>89,989</u>	<u>30,914</u>	<u>36,294</u>	<u>157,197</u>
Total expenditures	<u>2,565,107</u>	<u>55,060</u>	<u>239,573</u>	<u>2,859,740</u>
Change in fund balances	146,882	166,503	(45,386)	267,999
Fund balance, beginning of year	(188,031)	370,790	235,235	417,994
Fund balance, end of year	<u>\$ (41,149)</u>	<u>\$ 537,293</u>	<u>\$ 189,849</u>	<u>\$ 685,993</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Exhibit F

Change in fund balances - total governmental funds	\$267,999
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Current year depreciation expense is as follows:

Depreciation expense	(75,167)
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Certain revenues not collected for several months after year-end are not considered available revenue and are deferred in the governmental funds.	788
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Termination benefits	6,290	
Other postemployment benefits	(9,527)	(3,237)

Change in net position of governmental activities	<u>\$190,383</u>
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OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2013

Exhibit G

	<u>Nonmajor Enterprise School Nutrition</u>
Assets	
Current assets	
Accounts receivable	\$ 1,338
Inventories	<u>3,288</u>
Total current assets	4,626
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>20,826</u>
Total assets	<u>25,452</u>
 Liabilities	
Current liabilities	
Due to other fund	8,840
Accounts payable	372
Salaries and benefits payable	4,195
Deferred revenue	<u>643</u>
Total liabilities	<u>14,050</u>
 Net Position	
Investment in capital assets	20,826
Unrestricted	<u>(9,424)</u>
Total net position	<u><u>\$ 11,402</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

Exhibit H

	Nonmajor Enterprise <u>School Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$ 22,884</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries and benefits	32,563
Benefits	5,347
Supplies	49,335
Depreciation	<u>2,970</u>
Total operating expenses	<u>90,215</u>
Operating loss	<u>(67,331)</u>
Non-operating revenues	
State sources	707
Federal sources	<u>53,940</u>
Total non-operating revenues	<u>54,647</u>
Net loss before capital contributions	(12,684)
Capital contribution	<u>1,654</u>
Change in net position	(11,030)
Net position beginning of year	<u>22,432</u>
Net position end of year	<u><u>\$ 11,402</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

Exhibit I

	Nonmajor Enterprise School Nutrition
Cash flows from operating activities	
Cash received from sale of services	\$ 21,625
Cash payments to employees for services	(39,010)
Cash payments to suppliers for goods and services	(36,696)
Net cash used in operating activities	<u>(54,081)</u>
Cash flows from non-capital financing activities	
State grants received	707
Federal grants received	50,315
Net cash provided by non-capital financing activities	<u>51,022</u>
Cash flows from capital and related financing activities	
Capital contributions	1,654
Acquisition of capital assets	(2,182)
Net cash used in capital and related financing activities	<u>(528)</u>
Cash flows from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	(3,587)
Cash and cash equivalents, beginning of year	3,587
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$(67,331)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	2,970
Commodities used	3,625
(Increase) in accounts receivable	(1,338)
(Increase) in inventory	(160)
Increase in accounts payable	334
Increase in due to other funds	8,840
Increase in deferred revenue	79
(Decrease) in accrued salaries and benefits	(1,100)
Net cash used in operating activities	<u><u>\$(54,081)</u></u>

Non-cash investing, capital and related financing activities

During the year ended June 30, 2013 the District received \$3,625 of federal commodities.

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013

Exhibit J

	Private Purpose Trust <u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$3,340
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u>\$3,340</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2013

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 680
Deductions	
Supplies	<u>346</u>
Change in net position	334
Net position, beginning of year	<u>3,006</u>
Net position end of year	<u><u>\$3,340</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies

The Olin Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Olin, Iowa, and the agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Olin Consolidated School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Olin Consolidated School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Project - Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The District reports no major proprietary funds. However, it reports one nonmajor enterprise fund, the School Nutrition Fund which is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and early retirement are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the

government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2013. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax and income surtax and other receivables not collected within sixty days after year-end and payments from students for meals not yet served.

Deferred revenue on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and payments from students for meals not yet served.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund equity is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation include \$47,496 for management levy purposes, \$85,533 for physical plant and equipment, \$13,776 for public education and recreation, \$31,195 for student activities and \$537,293 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other

evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the IPAS education as follows:

	Amortized Cost
Institutional Money Market Fund	\$825,001

At June 30, 2013, the District had investments in the IPAS education Program (the Fund) which invests in liquid investments that are placed in an SEC-registered money market fund in accordance with 17 C.F.R Section 270. 2a-7. The investments are valued at fair market value, which approximates amortized cost.

Interest rate risk. Because the Fund invests in short-term securities, a decline in interest rates will affect the Fund's yields as these securities mature or are sold and the Fund purchases new short-term securities with lower yields. Generally, an increase in interest rates causes the value of a debt instrument to decrease. The change in value for shorter-term securities is usually smaller than for securities with longer maturities.

Credit risk. This is the risk that a security's credit rating will be downgraded or that the issuer of a security or a guarantor will default (fail to make scheduled interest and principal payments or fail to fulfill its promise to repurchase securities). The Fund invests in securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"). The entities, while chartered or sponsored by the U.S. Congress, are not funded by appropriations from the U.S. Congress and the debt or mortgage related securities issued by them are neither guaranteed nor insured by the United States Government. Nevertheless, the Fund will invest in only highly rated securities to minimize credit risk. This investment was not rated by Moody's Investor or Standard and Poor's Services.

Note 3. Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land and improvements	\$ 61,296	\$ -	\$ -	\$ 61,296

Capital assets being depreciated:

Buildings and improvements	2,093,379	-	-	2,093,379
Site improvements	101,852	-	-	101,852
Furniture and equipment	<u>1,368,188</u>	<u>-</u>	<u>(66,600)</u>	<u>1,301,588</u>
Total capital assets being depreciated	<u>3,563,419</u>	<u>-</u>	<u>(66,600)</u>	<u>3,496,819</u>

Less accumulated depreciation for:

Buildings and improvements	821,145	31,842	-	852,987
Site improvements	66,474	1,474	-	67,948
Furniture and equipment	<u>1,061,424</u>	<u>41,851</u>	<u>(66,600)</u>	<u>1,036,675</u>
Total accumulated depreciation	<u>1,949,043</u>	<u>75,167</u>	<u>(66,600)</u>	<u>1,957,610</u>

Total capital assets being depreciated, net	<u>1,614,376</u>	<u>(75,167)</u>	<u>-</u>	<u>1,539,209</u>
Governmental activities capital assets, net	<u>\$ 1,675,672</u>	<u>\$(75,167)</u>	<u>\$ -</u>	<u>\$ 1,600,505</u>

Business type activities

Furniture and equipment	\$ 59,008	\$ 2,182	\$ (5,020)	56,170
Less accumulated depreciation	<u>37,394</u>	<u>2,970</u>	<u>(5,020)</u>	<u>35,344</u>
Business type activities capital assets, net	<u>\$ 21,614</u>	<u>\$ (788)</u>	<u>\$ -</u>	<u>\$ 20,826</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 29,915
Support services	
Instructional support	552
Administration	2,672
Operation and maintenance	515
Transportation	<u>4,215</u>
	37,869
Unallocated depreciation	<u>37,298</u>
Total governmental activities depreciation expense	<u>\$ 75,167</u>

Business type activities

Food services	<u>\$ 2,970</u>
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Note 4. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Termination benefits	\$ 18,139	\$ 11,849	\$ 18,139	\$ 11,849	\$ 11,849
Net OPEB liability	27,372	9,527	-	36,899	-
Totals	<u>\$ 45,511</u>	<u>\$ 21,376</u>	<u>\$ 18,139</u>	<u>\$ 48,748</u>	<u>\$ 11,849</u>

There was no interest costs incurred and charged to expense during the year ended June 30, 2013.

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees. Eligible employees were required to be at least 55 years of age and have completed 20 years of consecutive service to the District. Employees working less than 20 years will be eligible for that proportion of the whole benefit that is equal to the ratio of years of service divided by 20. Employees must have completed an application, which was required to be approved by the Board of Education. The early retirement incentive for each eligible employee is 80 days of pay at the employee's annual base salary in effect during the year of the early requirement request. Payment of the benefit will be made in full within 90 days of the July 1st of the year of separation.

At June 30, 2013, three individuals had taken early retirement and the District's outstanding obligation for this benefit was \$11,849. These benefits will be paid by the District's Management Fund during the year ending June 30, 2014.

Note 5. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 5.78%, 5.38% and 4.5% of their annual covered salary and the District was required to contribute 8.67%, 8.07% and 6.95% of annual covered payroll for the years ended June 30, 2013, 2012 and 2011 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$94,298, \$108,954 and \$101,601, respectively, equal to the required contributions for each year.

Note 6. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$89,989 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 8. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 52 active, of which 31 were excluded from the valuation due to various reasons, and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 10,119
Interest on net OPEB obligation	684
Adjustment to annual required contribution	<u>(1,276)</u>
Annual OPEB cost	9,527
Contributions made	<u>-</u>
Increase in net OPEB obligation	9,527
Net OPEB obligation beginning of year	<u>27,372</u>
Net OPEB obligation end of year	<u>\$ 36,899</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed nothing to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended <u>June 30,</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2010	\$ 12,271	23.2%	\$ 9,422
2011	12,473	28.4%	18,356
2012	13,335	32.4%	27,372
2013	9,527	0.0%	36,899

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$58,982, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$58,982. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1.05 million and the ratio of UAAL to covered payroll was 5.6%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 10. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	
Home school assistance program	\$ 268
Gifted and Talented	6,652
Returning dropout and dropout prevention program	24,075
Teacher salary supplement	100,280
Statewide voluntary preschool	14,818
Educator quality, professional development	2,976
Educator quality, market factor incentives	997
	<u>\$ 150,066</u>

Note 11. Deficit Balances

The District had the following fund deficits at June 30, 2013:

- General Fund, unrestricted \$191,215
- General Fund, total fund balance \$41,149
- Governmental Activities, unrestricted \$126,889
- Proprietary Fund, unrestricted \$9,424

Note 12. Due To and Due From Other Fund

The detail of interfund receivables and payables at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Nonmajor Enterprise	
General	School Nutrition	\$ 8,840

The School Nutrition Fund had a negative bank balance at June 30, 2013. Since the School Nutrition Fund shares a bank account with the General Fund, this negative balance is reported on the financial statements as a Due To and Due From Other Funds.

Required Supplementary Information

OLIN CONSOLIDATED SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Fund
Required Supplementary Information
For the Year Ended June 30, 2013

	Governmental			Proprietary		Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Fund Actual	Actual	Original	Final				
Revenues									
Local sources	\$1,737,800	\$22,884	\$1,760,684	\$1,839,950	\$1,839,950	\$	(79,266)		
State sources	1,301,057	707	1,301,764	1,341,551	1,341,551		(39,787)		
Federal sources	88,882	53,940	142,822	175,000	175,000		(32,178)		
Total revenues	<u>3,127,739</u>	<u>77,531</u>	<u>3,205,270</u>	<u>3,356,501</u>	<u>3,356,501</u>		<u>(151,231)</u>		
Expenditures/Expenses									
Instruction	1,947,094	-	1,947,094	1,985,000	1,985,000		37,906		
Support services	749,413	-	749,413	1,055,000	1,055,000		305,587		
Non-instructional programs	6,036	90,215	96,251	138,377	138,377		42,126		
Other expenditures	157,197	-	157,197	521,438	521,438		364,241		
Total expenditures/expenses	<u>2,859,740</u>	<u>90,215</u>	<u>2,949,955</u>	<u>3,699,815</u>	<u>3,699,815</u>		<u>749,860</u>		
Excess (deficiency) of revenues over (under)	267,999	(12,684)	255,315	(343,314)	(343,314)		598,629		
expenditures/expenses									
Other financing sources	-	1,654	1,654	-	-		-		
Change in fund balance	267,999	(11,030)	256,969	(343,314)	(343,314)		598,629		
Balance, beginning of year	417,994	22,432	440,426	343,668	343,668		96,758		
Balance, end of year	<u>\$ 685,993</u>	<u>\$11,402</u>	<u>\$ 697,395</u>	<u>\$ 354</u>	<u>\$ 354</u>		<u>\$ 695,387</u>		

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt any budget amendments.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 65,120	\$ 65,120	\$ -	\$ 1,590,970	4.1%
2011	July 1, 2009	\$ -	\$ 56,183	\$ 56,183	\$ -	\$ 1,493,461	3.8%
2012	July 1, 2009	\$ -	\$ 56,183	\$ 56,183	\$ -	\$ 1,295,381	4.3%
2013	July 1, 2012	\$ -	\$ 58,982	\$ 58,982	\$ -	\$ 1,045,972	5.6%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Schedule 1

	<u>Special Revenue</u>			<u>Capital Projects</u>	
	<u>Student</u>	<u>Management</u>	<u>Public</u>	<u>Physical</u>	
	<u>Activity</u>	<u>Levy</u>	<u>Education & Recreation</u>	<u>Plant and Equipment</u>	<u>Total</u>
			<u>Levy</u>	<u>Levy</u>	
Assets					
Cash, cash equivalents and pooled investments	\$31,195	\$ 66,515	\$ 14,045	\$ 87,198	\$198,953
Receivables					
Property tax					
Delinquent	-	1,616	209	1,548	3,373
Succeeding year	-	100,000	10,966	81,228	192,194
Total assets	<u>\$31,195</u>	<u>\$168,131</u>	<u>\$ 25,220</u>	<u>\$ 169,974</u>	<u>\$394,520</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 2,236	\$ -	\$ 3,213	\$ 5,449
Salaries and benefits payable	-	6,550	478	-	7,028
Deferred revenue					
Succeeding year property tax	-	100,000	10,966	81,228	192,194
Total liabilities	<u>-</u>	<u>108,786</u>	<u>11,444</u>	<u>84,441</u>	<u>204,671</u>
Fund balances					
Restricted for					
Student activities	31,195	-	-	-	31,195
Management levy purposes	-	59,345	-	-	59,345
Public education and recreation	-	-	13,776	-	13,776
Physical plant and equipment	-	-	-	85,533	85,533
Total fund balances	<u>31,195</u>	<u>59,345</u>	<u>13,776</u>	<u>85,533</u>	<u>189,849</u>
Total liabilities and fund balances	<u>\$31,195</u>	<u>\$168,131</u>	<u>\$ 25,220</u>	<u>\$ 169,974</u>	<u>\$394,520</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

Schedule 2

	<u>Special Revenue</u>			<u>Capital Projects</u>	
			Public Education & Recreation	Physical Plant and Equipment	
Revenues	<u>Student Activity</u>	<u>Management Levy</u>	<u>Levy</u>	<u>Levy</u>	<u>Total</u>
Local sources					
Local taxes	\$ -	\$ 80,040	\$ 10,345	\$ 76,633	\$167,018
Other	23,021	2,543	1	1,512	27,077
State sources	-	44	6	42	92
Total revenues	<u>23,021</u>	<u>82,627</u>	<u>10,352</u>	<u>78,187</u>	<u>194,187</u>
Expenditures					
Current					
Instruction					
Regular	-	35,791	-	-	35,791
Other	<u>22,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,551</u>
Total instruction	<u>22,551</u>	<u>35,791</u>	<u>-</u>	<u>-</u>	<u>58,342</u>
Support services					
Administration	-	1,786	-	65,114	66,900
Operation and maintenance of plant	-	45,954	-	15,753	61,707
Transportation	<u>-</u>	<u>10,294</u>	<u>-</u>	<u>-</u>	<u>10,294</u>
Total support services	<u>-</u>	<u>58,034</u>	<u>-</u>	<u>80,867</u>	<u>138,901</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>6,036</u>	<u>-</u>	<u>6,036</u>
Other expenditures					
Facilities acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,294</u>	<u>36,294</u>
Total expenditures	<u>22,551</u>	<u>93,825</u>	<u>6,036</u>	<u>117,161</u>	<u>239,573</u>
Change in fund balances	470	(11,198)	4,316	(38,974)	(45,386)
Fund balances, beginning of year	30,725	70,543	9,460	124,507	235,235
Fund balances, end of year	<u>\$ 31,195</u>	<u>\$ 59,345</u>	<u>\$ 13,776</u>	<u>\$ 85,533</u>	<u>\$189,849</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund
Student Activity Accounts
For the Year Ended June 30, 2013

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
General athletics	\$ 20	\$ -	\$ 20	\$ -
Boys football	547	-	547	-
Drama	1,172	1	-	1,173
Band/vocal	1,431	-	292	1,139
PE super sport	134	-	-	134
ELP fundraising	178	-	-	178
Title I fundraising	130	-	-	130
School Projects	882	695	1,121	456
Interest	720	1,051	745	1,026
Concession stand	1,804	3,038	4,062	780
FFA	19,099	-	352	18,747
Pom-pon	(266)	266	-	-
HS student council	628	213	400	441
Math club	40	-	40	-
Athletic resale	569	-	569	-
Activity resale	1,012	4,710	5,148	574
I.A. resale	174	-	174	-
School cents	2,250	226	1,590	886
Playground fund raiser	730	-	730	-
Yearbook 2009-10	(531)	531	-	-
Candy resale/industrial arts	64	-	64	-
Field trips	3,276	1,702	1,219	3,759
Wapsi League	660	944	404	1,200
Yearbook 2010-11	(2,244)	2,244	-	-
Music resale	34	-	34	-
Yearbook 2011-12	(2,353)	884	61	(1,530)
Yearbook 12-13	-	1,106	987	119
Class of 2008	77	-	77	-
Class of 2011	108	-	108	-
Class of 2012	128	2	-	130
6th Grade Fundraising	106	4,718	3,193	1,631
Library books fund	146	690	614	222
Totals	<u>\$ 30,725</u>	<u>\$ 23,021</u>	<u>\$ 22,551</u>	<u>\$ 31,195</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	Modified Accrual Basis									
Revenues										
Local sources										
Local tax	\$ 1,611,422	\$ 1,497,148	\$ 1,457,251	\$ 1,352,394	\$ 1,328,377	\$ 1,289,067	\$ 1,221,115	\$ 1,261,054	\$ 1,103,347	\$ 985,865
Tuition	31,500	92,442	51,154	133,805	188,429	196,107	195,140	135,211	141,631	138,923
Other	94,878	236,854	273,046	102,399	180,461	202,653	181,100	157,115	127,149	176,713
State sources	1,301,057	1,418,099	1,257,472	1,006,187	1,331,417	1,295,023	1,238,393	1,149,570	1,404,505	1,252,588
Federal sources	88,882	111,012	184,912	254,257	118,313	115,255	110,762	108,852	134,412	675,155
Total revenues	<u>\$ 3,127,739</u>	<u>\$ 3,355,555</u>	<u>\$ 3,223,835</u>	<u>\$ 2,849,042</u>	<u>\$ 3,146,997</u>	<u>\$ 3,098,105</u>	<u>\$ 2,946,510</u>	<u>\$ 2,811,802</u>	<u>\$ 2,911,044</u>	<u>\$ 3,229,244</u>
Expenditures										
Current										
Instruction										
Regular	\$ 1,307,251	\$ 1,286,516	\$ 1,446,398	\$ 1,371,310	\$ 1,304,542	\$ 1,208,849	\$ 1,085,453	\$ 1,006,400	\$ 1,055,238	\$ 1,125,376
Special	445,331	378,894	410,257	554,873	407,573	373,021	445,043	334,170	272,467	370,646
Other	194,512	343,035	379,663	234,512	486,071	439,526	428,289	358,926	357,999	297,112
Support services										
Student	51,595	103,675	71,741	72,396	38,428	26,210	27,735	73,773	90,110	67,945
Instructional staff	15,218	30,255	75,853	51,656	43,600	32,795	39,805	51,793	70,641	50,089
Administration	310,421	360,585	291,169	284,596	304,201	269,966	254,561	268,665	331,405	318,802
Operation and maintenance of plant	214,373	216,482	226,800	239,362	251,808	235,720	230,471	221,176	238,578	179,969
Transportation	157,806	186,845	184,835	119,963	132,175	140,715	108,131	181,567	84,847	90,244
Non-instructional programs	6,036	6,119	25,363	4,260	7,893	10,504	7,132	6,872	1,383	44,829
Other expenditures										
Facilities acquisition										
Long-term debt										
Principal	-	85,000	85,000	80,000	80,000	75,000	70,000	70,000	65,000	-
Interest and other charges	-	1,610	4,466	6,813	8,953	10,893	12,580	14,015	15,231	18,267
AEA flowthrough	89,989	91,170	101,975	100,743	97,205	93,442	91,381	89,392	92,552	88,481
Total expenditures	<u>\$ 2,859,740</u>	<u>\$ 3,362,508</u>	<u>\$ 3,439,437</u>	<u>\$ 3,203,721</u>	<u>\$ 3,187,015</u>	<u>\$ 2,950,857</u>	<u>\$ 2,819,717</u>	<u>\$ 2,748,441</u>	<u>\$ 2,753,343</u>	<u>\$ 3,839,041</u>

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

119 W. Mississippi Drive, Suite 3

Muscataine, Iowa 52761

563-264-1385

kchapman@cpakay.com

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Olin Consolidated School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 5, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Olin Consolidated School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Olin Consolidated School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Olin Consolidated School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Olin Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Olin Consolidated School District's Responses to Findings

Olin Consolidated School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Olin Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Olin Consolidated School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 5, 2014

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2013

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2013 did not exceed the amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2013

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was certified with the Department of Education timely and I noted no material errors in the amounts reported.
11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2013

Beginning balance		\$ 370,790
Revenues		
Statewide sales and services tax revenue	\$ 221,522	
Other local revenues	<u>41</u>	221,563
Expenditures/transfers out		
School infrastructure		
Equipment	24,146	
Other improvements	<u>30,914</u>	<u>55,060</u>
Ending balance		<u>\$ 537,293</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

13. Deficit Balance - The District's General Fund had an unreserved fund deficit of \$191,215 and a total fund deficit of \$41,149 at June 30, 2013.

Recommendation - The District should investigate alternatives to eliminate these deficits in order to return this fund to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate these deficits.

Conclusion - Response accepted.

OLIN CONSOLIDATED SCHOOL DISTRICT

Audit Staff

June 30, 2013

This audit was performed by

Kay Chapman, CPA

Terri Slater, staff accountant